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EDITORIALS & COMMENT

Medicare Part B premium should be recalculated

By Joseph D. Courtney



COURTNEY

At the start of the year, over 56 million Medicare Part B beneficiaries began paying \$170 per month in premiums, up a historic 14.5% over the 2021 rates. Although almost all these beneficiaries also saw a 5.9% cost of living increase in their Social Security payments — an average of \$92 — the Part B premium increase meant that this update lost a lot of its buying power as the cost of other necessities for seniors, such as food and fuel, has not abated.

It's important to know why Medicare raised premiums in 2022. On June 7, 2021, the FDA approved a long-awaited new drug to slow cognitive decline in patients with Alzheimer's disease called Aduhelm — a treatment with potentially enormous demand.

The manufacturer of this drug, Biogen, priced this new product at \$56,000 per patient per year, an astronomical price that caused outrage over the financial impact on patients and the Medicare system at large. Since medical professionals must administer it, not pharmacies, it will be billed to Part B, not Part D, which covers drugs dispensed by a pharmacist.

Medicare had to act drastically to ensure it could afford to treat the patients who would be eligible for the drug on their rolls, particularly since most of the 6 million Alzheimer's patients in the US are either over 65 or on Social Security disability.

As the Commonwealth Fund, a highly respected health care think tank, reported, Medicare had been expected to raise Part B premiums from \$148.50 to \$158.50 before Aduhelm's approval. It was only after crunching the numbers on the impact of paying for Aduhelm that Medicare increased the final premium to \$170.10.

This story of Aduhelm and Medicare is far from over, however. On Dec. 20, 2021, Biogen announced that it would cut its price for the drug from \$56,000 per year per patient to \$26,200 — a major development given Aduhelm's massive impact on Medicare's finances. This 50% reduction in cost was announced after the

Social Security system was already set to start sending beneficiaries their checks with the \$170 Medicare Part B premium deducted.

In addition to this drastic price reduction, on Jan. 11, Medicare issued draft guidelines for Aduhelm use that only allows the treatment for beneficiaries enrolled in an approved clinical trial as the agency learns more about the drug's safety and effectiveness.

This policy aligns with Medicare's authority to determine when to cover new drugs. Medicare currently has 21 different therapies under similar rules. Due to the price reduction and the more limited scope of patient eligibility, the financial impact of the drug's approval will be much more measured than the actuaries estimated in the fall of 2021.

These two developments scream out for a reset by the US Department of Health and Human Services to go back and perform a "do over" of the 2022 premiums. Clearly, if Medicare knew the cost was going to be 50% less than originally announced and that its use would be in clinical trial settings only, the jump from \$148 per month to \$170 per month would not have occurred.

Luckily, Secretary of Health and Human Services Xavier Becerra agrees that the Part B premium should be recalculated, and on Jan. 10, he ordered that his department should conduct such a reassessment.

On Jan. 20, I led a letter with 31 of my congressional colleagues from all over the country to the secretary expressing our strong belief that seniors are clearly overpaying the proper cost of Part B services, and at this difficult moment, they need a reduction in their Part B premium.

The entire Connecticut House delegation joined me on this call to action.

Given Secretary Becerra's support, I am hopeful that when the Medicare actuaries reassess this year's expected expenditures, they will reduce the amount needed to collect from the program's participants.

Seniors deserve to know that in light of these developments, Congress and the federal government are working to ensure they are not asked for more than they owe for their Medicare coverage.

Joseph D. Courtney represents Connecticut's 2nd House District in Congress.